Intel Corp v Intelcard Systems Sdn Bhd & Ors

HIGH COURT (KUALA LUMPUR) — CIVIL SUIT NO P8–22–1381 OF 2002
ABDUL WAHAB SAID AHMAD JC
16 OCTOBER 2003

Tort — Passing off — Confusion — Interlocutory injunction — Whether plaintiff company had established goodwill, reputation and presence — Whether there was confusion

Tort — Passing off — Damage — Interlocutory injunction — Serious issues to be tried — Whether damages adequate remedy — Balance of convenience — Delay in bringing action

The plaintiff was a well-known corporation which dealt primarily in the manufacture of microprocessors that formed the integral part of office and personal computers, laptops and smart cards. The first defendant deals in smart cards and IT security solutions. The plaintiff came to know about the first defendant in November 2001 when one of its solicitors in Hong Kong stumbled across the domain name www.intelcardsystems.com on the net. The plaintiff's solicitors sent a 'cease and desist' letter on 28 November 2001. The first defendant responded, denying that the word 'intel' in its name was misleading or confusingly similar to that part of the plaintiff's trade name and trademark. Attempts to settle the matter amicably failed. The plaintiff filed suit against the defendants. In its suit, the plaintiff, inter alia, sought a permanent injunction to restrain the defendants from using the name 'INTEL' in its trade and passing off its business as that of the plaintiff's. Pending disposal of the main suit, the plaintiff applied for an interim injunction to restrain the defendants from doing the above mentioned acts.

Held, granting the interim injunction against the first defendant with costs upon the plaintiff's undertaking for damages:

(1) The plaintiff had established that it had goodwill and reputation in the name 'INTEL'. The incorporation of the first defendant with the prefix 'INTEL' created a misrepresentation as to give rise to confusion not only because of the use of the name 'INTEL' by the first defendant but also because of the close connection in the sphere of activity and goods offered and sold by the plaintiff and the first defendant (see paras 49, 52).

(2) The real test was whether the first defendant, in using the name 'Intel', whilst knowing of the plaintiff's goodwill and reputation in the name, could be seen as calculating to deceive and steal the business or commercial advantage of the plaintiff and to misrepresent a false connection and association with the plaintiff. The court was satisfied that the issue of infringement and passing off had been successfully raised as serious issues to be tried by the plaintiff (see paras 55, 59).

(3) The plaintiff had by its own toil and effort managed to secure its presence in this country and had contributed in no small way to the country's industrialization process. The first defendant's flagrant acts of cashing in on the goodwill that the plaintiff had built over three

decades would damage the plaintiff's reputation severely, such that damages would not be an adequate remedy (see para 60)

(4) The court disagreed that the first defendant would be virtually shut down in the event the injunction was granted. The injunction was to prevent the first defendant from using the name 'IntelCard' as it was confusingly similar to the plaintiff's name 'INTEL'. It did not prevent the first defendant from carrying on with its business under any other name. The court was satisfied that the balance of convenience tilts in favour of the plaintiff in that the defendant would not suffer irreparable damage which could not be compensated by costs (see paras 65–66).

(5) The court disagreed that the plaintiff had delayed in bringing this action. The defendant could not assume that just because it was incorporated six years ago in 1997, that the plaintiff should be aware of its presence. There were hundreds of infringers using the 'Intel' name. The plaintiff c ould not be expected to be able to discover the defendant's presence and activities until its solicitor came across the defendant's domain name in the net in 2002 (see para 67).

[**Bahasa Malaysia summary**

Plaintif adalah sebuah perbadanan yang terkenal dan berniaga terutamanya dalam pembuatan pemproses mikro yang membentuk bahagian yang penting dalam komputer pejabat dan komputer peribadi, komputer riba dan kad-kad bestari. Defendan pertama berniaga kad-kad bestari dan penyelesaian keselamatan IT. Plaintif mengetahui tentang defendan pertama dalam bulan November 2001 apabila salah seorang peguam cara mereka di Hong Kong terjumpa nama domain www.intelcardsystems.com di dalam internet. Peguam cara plaintif lantas mengirim surat 'berhenti dan menghentikan' pada 28 November 2001. Defendan pertama memberi respons menafikan bahawa perkataan 'intel' pada namanya itu mengelabui atau secara yang mengelirukan serupa dengan nama niaga dan tanda niaga plaintif yang berkaitan dengan nama itu. Percubaan untuk menyelesaikan perkara berkenaan secara berbaik-baik telah menemui kegagalan. Plaintif kemudiannya memfailkan guaman terhadap defendan. Dalam guamannya, plaintif antara lain memohon injunksi kekal bagi menyekat defendan daripada menggunakan nama 'INTEL' dalam dagangannya dan daripada mengelirupakan perniagaannya dengan perniagaan plaintif. Sementara menunggu guaman utama itu selesai, plaintif membuat permohonan untuk mendapatkan suatu injunksi interim bagi menyekat defendan daripada melakukan perbuatan-perbuatan yang tersebut di atas.

Diputuskan, membenarkan injunksi interim terhadap defendan pertama dengan kos di atas aku janji plaintif tentang ganti rugi:

(1) Plaintif telah membuktikan bahawa ia mempunyai nama baik dan reputasi pada nama 'INTEL'. Pemerbadanan defendan pertama dengan awalan 'INTEL' mewujudkan suatu salah nyata yang

membangkitkan kekeliruan bukan hanya kerana tindakan defendan pertama menggunakan nama 'INTEL' bahkan juga kerana kaitan rapat dalam bidang aktiviti dan barangan yang ditawarkan dan dijual oleh plaintif dan defendan pertama (lihat perenggan-perenggan 49, 52).

(2) Ujian yang sebenar ialah sama ada defendan pertama, dalam menggunakan nama 'Intel', pada hal ia mengetahui bahawa nama baik dan reputasi plaintif itu ada pada nama berkenaan, boleh dilihat sebagai memperhitung untuk memperdaya dan mencuri perniagaan atau keuntungan komersial kepunyaan plaintif dan untuk membuat salah nyata perkaitan dan hubungan palsu dengan plaintif. Mahkamah berpuas hati bahawa isu pelanggaran dan pengelirupaan telah berjaya dibangkitkan oleh plaintif sebagai isu yang serius yang perlu dibicarakan. (lihat perenggan-perenggan 55 dan 59).

(3) Melalui kerja keras dan usahanya sendiri plaintif telah berupaya memperoleh kehadirannya di negara ini dan telah memberi sumbangan yang bukan kecil kepada proses pengindustrian negara. Perbuatan Defendan Pertama yang secara terang-terangan membuat keuntungan dan mengambil kesempatan daripada nama baik yang telah dibina oleh Plaintif sejak tiga dekad yang lalu akan merosakkan reputasi Plaintif dengan teruk. Dan hal itu demikian hinggakan ganti rugi bukan lagi merupakan suatu remedi yang memadai (lihat perenggan 60).

(4) Mahkamah tidak bersetuju bahawa defendan pertama akan hampir ditutup perniagaannya jika injunksi diberi. Injunksi itu bertujuan mencegah defendan pertama daripada menggunakan nama 'IntelCard' kerana nama itu secara yang mengelirukan adalah serupa dengan nama 'INTEL' milik plaintif. Injunksi berkenaan tidak menegah defendan pertama daripada menjalankan terus perniagaannya di bawah nama-nama lain. Mahkamah berpuas hati bahawa imbangan kesesuaian condong memihak plaintif iaitu bahawa defendan tidak akan mengalami kerosakan tidak boleh diperbaiki yang tidak boleh diberi pampasan kos (lihat perenggan-perenggan 65–66).

(5) Mahkamah tidak bersetuju bahawa plaintif lewat membawa tindakan ini. Defendan tidak boleh bertanggapan bahawa hanya kerana ia diperbadankan enam tahun lalu dalam tahun 1977, plaintif harus menyedari tentang kehadirannya. Terdapat ratusan pihak yang melakukan pelanggaran yang menggunakan nama 'Intel'. Plaintif tidak boleh dijangkakan akan dapat menyedari kehadiran dan aktiviti defendan hinggalah peguam caranya menjumpai nama domain defendan di dalam internet dalam tahun 2002 (lihat perenggan 67).]

Notes

For cases on confusion in passing off, see 12 *Mallal's Digest* (4th Ed, 2002 Reissue) paras 1401–1405.

For cases on damages in passing off, see 12 *Mallal's Digest* (4th Ed, 2002 Reissue) paras 1406–1407.

Cases referred to

American Cyanamid v Ethicon Ltd [1975] 2 WLR 316 (refd)
Bulmer (HP) Ltd v J Bellinger SA [1978] RPC 79 (refd)
Compagnie Generale Des Eaux v Compagnie Generale Des Eaux Sdn Bhd [1993] 1 MLJ 55 (refd)
Draper v Trist Tristbestos Brake Linings Ltd [1939] 56 RPC 225 (refd)
Dun & Bradstreet (Singapore) Pte Ltd & Anor v Dun & Bradstreet (Malaysia) Sdn Bhd [1994] 1 MLJ 32 (refd)
Keet Gerald Francis Noel John v Mohd Noor bin Abdullah & Ors [1995] 1 MLJ 193 (refd)
Lam Soon (M) Bhd v Forward Supreme Sdn Bhd & Ors [2001] 6 MLJ 651 (refd)
Lego System, A/S v Lego M Lemelstrich Ltd [1983] FSR 155 (refd)
Leo Pharmaceutical Product Ltd A/S (Lovens Kemiske Fabrik Production Saktieselskab) v Kotra Pharma (M) Sdn Bhd [2002] MLJ 154; [2002] 6 CLJ 465 (refd)

(Zaid Ibrahim & Co) for the plaintiff.
(George Varughese & Co) for the defendants.

Abdul Wahab Said Ahmad JC:

[1] The plaintiff is a well-known corporation dealing primarily in the manufacture of microprocessors that forms the integral part of office and personal computers, laptops and smart cards.

[2] The plaintiff had been around since 1968 and had made a reputable name for itself worldwide as the pioneer and the largest manufacturer of microprocessors. The first defendant was incorporated in 1997 and deals in smart cards and IT security solutions.

[3] The laintiff came to know about the first defendant in November 2001 when one of its solicitors in Hong Kong, Rembert Meyer-Rochow was surfing the web and stumbled across www.intelcardsystems.com. The domain name is visually deceiving and any ordinary member of the public will tend to associate the first defendant and its product as the plaintiff's. This is even more so since the plaintiff is manufacturing microprocessors, which forms the basis of smart cards, which the first defendant is dealing in. The plaintiff feels that the first defendant's services and products are wanting in quality and as such would cause irreparable damage to the plaintiff's well established goodwill and reputation.

[4] With that in mind, the plaintiff, through its solicitors, sent a 'cease and desist letter' dated 28 November 2001. The first defendant responded, denying that the word 'intel' in its name was misleading or 'confusingly similar' to that of the Plaintiff's trade name and trademark.

A **[5]** Attempts to settle this matter amicably were made from early January 2002 to early February 2002. The plaintiff offered to waive all claims for damages and costs if the first defendant agreed to comply with a proposed deed of undertaking where the first defendant would undertake to withdraw the name 'Intelcard'.

B **[6]** The plaintiff averred that the first defendant would agree to settle if the plaintiff pays US$350,000. Not in the practice of making such payments in infringement situations, the plaintiff nevertheless counter-offered a lesser amount of US$8,000 to expedite the matter. The first defendant wanted it raised to US$25,000.

C **[7]** The likelihood of a settlement nowhere in sight, the plaintiff came to this court to seek relief. The plaintiff, inter alia, sought a permanent injunction to restrain the defendants from using the name 'INTEL' in its trade and passing off its business as that of the plaintiff's.

[8] Pending the disposal of the main suit, the plaintiff a filed summons **D** in chambers (encl 5) for an interim injunction to restrain the defendants from doing the above mentioned acts.

[9] In her submission, learned counsel for the plaintiff relies on the three principles in *American Cyanamid v Ethicon Ltd* (HL) [1975] 2 WLR 316, ie:

(A) there are serious issues to be tried;

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(B) damages are not an adequate remedy;

(C) the balance of convenience lies in favour of the plaintiff.

(A) SERIOUS ISSUES TO BE TRIED

F **[10]** By incorporating the first defendant under the name of 'Intelcard Systems Sdn Bhd', registering the domain name www.intelcardsystems.com. and actively trading in smart cards and smart card technology systems, the defendants had committed:

(i) the tort of passing off;

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(ii) conspiracy to injure.

[11] Those are the serious issues to be tried that the Plaintiff has sought to prove.

H *(i) Passing off*

[12] For the tort of passing off, the plaintiff laid down three requirements that must be fulfilled. They are:

(a) goodwill and reputation of the name 'INTEL'

I (b) a misrepresentation by the first defendant that they are associated with the plaintiff; and

(c) damage to the plaintiff's business as result of that misrepresentation.

(a) Goodwill and reputation

[13] The plaintiff, in seeking to prove that it has established a reputation and goodwill in Malaysia and throughout the world, has laid down its background and history for the benefit of the court.

[14] The plaintiff's history started in 1968 when it was incorporated in the USA to develop a product known as the 'semiconductor memory'. Robert Noyce, one of its co-founders, is the joint inventor of the integrated circuit that made the running of today's computers possible. The plaintiff, besides pioneering the technology, is the world's largest producer of microprocessors, systems and software. More than 80% of the world's servers and computers are based on the Intel architecture. The plaintiff also manufactures microprocessors for use in smart cards.

[15] The 'Intel' trade mark has been valued at US$30.11b in August 2002. The plaintiff had formed many subsidiary companies in Malaysia. The plaintiff established its presence in Malaysia in 1972, having its first factories in Penang and Kulim. At present, it has design and development facilities in Penang, Kulim and Cyberjaya. With a workforce of 80,0000 strong, the plaintiff now invests a total of RM4.4b in Malaysia.

[16] The plaintiff's subsidiary companies in Malaysia are Intel Malaysia Sdn Bhd, Intel Technology Sdn Bhd, Intel Microelectronics Sdn Bhd, Intel Products Sdn Bhd, Intel Electronics Sdn Bhd and Intel MSC Sdn Bhd. The plaintiff has obtained registration of Trade Marks in Malaysia numbering ten in all, including the famous 'Intel Inside'.

[17] The plaintiff's trade mark had been used for 30 years in Malaysia. Until 2000, the Plaintiff had achieved sales exceeding US$400m. Its collaboration with MIMOS and Maxis Communications had benefited Malaysian small and medium scale industries in a big way. The plaintiff, through its subsidiaries, has trained thousands of workers in Malaysia and had been involved in transfer of skill and technology.

[18] The Government of Malaysia recognizes that the plaintiff has made major contributions to the economy and industrial growth of the country. Datuk Craig Barret, the plaintiff's President and Chief Operating Officer, is a member of the MSC and advises the Government on the MSC and its development.

[19] The plaintiff had also contributed substantially in the country's education sector, conducting exhibitions, launching the 'Intel Teach' program and investing in curriculum equipment.

[20] The plaintiff says that the defendant, by using the name 'Intelcard Systems Sdn Bhd', had caused confusion to the general public, making it appear as if the defendant is in some way connected to he plaintiff. This is because like the plaintiff, whose microprocessor and architecture made possible the production of millions of electronic identity cards, known as MyKad, to the Malaysian public, the defendant is also involved in the field of information technology and smart cards.

(b) Misrepresentation

[21] By virtue of the fact that the plaintiff already had six subsidiaries in Malaysia, all with the prefix 'INTEL' to their names, the first defendants' name 'Intelcard Systems Sdn Bhd' is bound to mislead the general public into thinking that it is also one of the plaintiff's subsidiaries dealing in business or smart cards.

[22] The famous 'Intel Inside' embossed prominently on the outside of computers, the publicity given by the Malaysian Government on the involvement of Intel in MSC, the production of MyKad and in the country's rapid industrial growth, makes Intel's presence widely known to Malaysians. Thus, the defendants' acts of using the Intel name whilst knowing of the goodwill and reputation of the plaintiff had misrepresented a false connection and association with the plaintiff.

[23] Learned counsel for the plaintiffs submitted that the tort of passing off is not restricted to situations involving competing traders in the same line of business. It includes cases of false suggestion by a defendant that its business is connected with that of the plaintiff that would be capable of damaging the plaintiff's goodwill.

[24] The plaintiff's learned counsel cited the case of *Lego System, A/S v Lego M Lemelstrich Ltd* [1983] FSR 155 at p 184, where Falconer J said:

> *Spalding v Carriage* led the way to recognition by judges of the other species of the same genus, as where although the plaintiff and defendant are not competing traders in the same line of business, a false suggestion by the defendant that their businesses were connected with one another would damage the reputation and thus the goodwill of the plaintiff's business.

[25] Learned counsel for the plaintiff submitted that although their businesses may not be entirely similar, the plaintiff in microprocessors and the Defendant in smart cards, the plaintiff's technology is used to power smart cards. Hence, the field is substantially related. Customers in the trade would be led to believe that the first defendant's smart cards are related to the Plaintiff, what with the use of a name such as 'Intelcard'.

[26] On this point, the plaintiff submitted the case of *Dun & Bradstreet (Singapore) Pte Ltd & Anor v Dun & Bradstreet (Malaysia) Sdn Bhd* [1994] 1 MLJ 32, where:

> ... the court also refers to *Television Broadcasts Ltd v Home Guide Publication Co* [1982] FSR 505 where the Plaintiff was in the business of broadcasting a women's program and the defendant was in the business of publishing magazines for women. The Court held that there was a sufficient association between the parties' fields of activity to lead to confusion among the public.

[27] Further, on factors that would cause confusion to likely customers or members of the public, is the choice of name itself. The plaintiff claims that, contrary to what the defendants had said in their affidavits, there is no known short form for the word 'intelligent', such as to justify their choice for the name 'Intelcard systems'. However, the test is not justification, but:

... whether in the choice of such a name resembling that of another existing entity, it will create the falsehood that the business of one is an extension or a branch of another or that they are somewhat connected. (*Rivertex Ltd & Anor v Slim Rivertex Sdn Bhd & Ors* [1991] 1 MLJ 508)

(b) Damage to plaintiff's reputation and business

[28] Learned counsel for the plaintiff, referring to the cases of *Draper v Trist Tristbestos Brake Linings Ltd* [1939] 56 RPC 225 and *Compagnie Generale Des Eaux v Compagnie Generate Des Eaux Sdn Bhd* [1996] 2 MLJ 519 says that the law presumes that if the goodwill of a man's business has been interfered with by the passing off of goods or business, he need not wait to show that damage has resulted, he can bring his action as soon as he can prove passing off, because it is one of the class of cases in which the law presumes that the plaintiff has suffered damage.

[29] The defendant's learned counsel in his submission denies the defendant had committed the tort of passing off. This is by virtue of the fact that there are hundreds of companies all over the world including USA and Malaysia, where INTEL is used in their names. The learned counsel proceeded to give examples of such names, numbering 17 in all, in Malaysia and seven in Australia. Many of these companies are involved in some aspects with electronic devices and systems. There are also companies using similarly sounding names like 'Intell' and names of four corporations in Malaysia and Australia are given as examples.

[30] There are also international bodies bearing the word INTEL like INTELSAT — International Telecommunication Satellite Consortium and INTELPOST — International Electronic Post.

[31] Learned counsel for the defendant reiterated that the word Intel is an abbreviation of 'Intelligent'. The learned counsel gave INTELLISOF–OASYS — Chennai, India and INTELLIRAD Solutions — Australia as examples of these companies' names.

[32] The defendant's learned counsel submitted that the word 'Intel' cannot be distinctive because of the presence of hundreds of companies all over the world which bear the prefix 'Intel' in their names. There could also be no deception by the defendant's use of that name because the presence of these hundreds of other companies with the word 'Intel' is not causing any damage to the plaintiff's reputation and is not deceptive. There is also no deception because the defendant had been operating openly and there had not been any reported incidence of falsehood, deception or conspiracy. The Defendant referred to the case of *Lam Soon (M) Bhd v Forward Supreme Sdn Bhd & Ors* [2001] 6 MLJ 651 on the issue that the allegation of passing off, damage to the plaintiff's reputation is not supported by any evidence at all, despite active business operations of the defendants since 1997 in the same market.

[33] As for the defendant's domain name, www.intelcard.com.my the defendant's learned counsel contended that there is no evidence of

confusion and deception because several domain names all over the world also have the word 'Intel'. Learned counsel gave nine examples from USA, Spain, England and India, including www.intelsystems.com. USA.

(*ii*) *Conspiracy to injure*

[34] The plaintiff refers to the defendant's registration of the trade mark 'IntelCard Systems Sdn Bhd', knowing fully well that the plaintiff has formed a reputable business here under the 'INTEL' trademark. In furtherance of its objective, the first defendant had set up a web site bearing the domain name www.intelcardsystems.com and is widely accessible to net users worldwide. By doing the above acts, causing the incorporation and registering the domain name with Tucows Inc. USA, the first defendant have made a false representation to the public that the defendant is in some way connected to the plaintiff.

[35] The plaintiff further refers to the defendant's demand for monetary compensation to change its name to show that the defendants are conspiring to injure the plaintiff economically.

[36] Learned counsel for the defendant denies that there is a conspiracy to injure. The defendant did not to seek monetary payment from the plaintiff after it was incorporated. It was the plaintiff who offered to buy the right to the name Intelcard. The offer was initiated by the plaintiff and not demanded by the defendant.

(B) Damages will not be an Adequate Remedy for the Plaintiff

[37] The fundamental principle is whether the plaintiff should be confined to his remedy in damages or if the plaintiff would not be adequately compensated by an award of damages or, whether, if the defendant succeeded at the trial, they would be adequately compensated by the plaintiff's undertaking as to damages.

[38] The plaintiff submits that it will suffer serious and irreparable loss and damage to its business, and the goodwill associated with it if the defendants are not restrained by this court from continuing with their acts of passing off. Damages are inadequate remedy to the plaintiff where the defendant's flagrant acts of cashing in on the plaintiff's goodwill and reputation are concerned.

[39] The plaintiff refers to the guidelines to undertake in an application for interlocutory injunction in *Keet Gerald Francis Noel John v Mohd Noor bin Abdullah &* Ors [1995] 1 MLJ 193**,** particularly:

> • the financial position of the Plaintiff to meet its undertaking is a factor and in some circumstances, Plaintiff is required to give an undertaking as to damages but if justice merits the granting of an interlocutory injunction, this factor will not be relevant.

[40] Learned counsel for the defendant says that damages will not be adequate remedy to the defendants because an interim injunction, if

granted will be as good as a final injunction and the damage that would be suffered by the defendant is irreparable.

[41] The defendant also claims that the plaintiff's action is untenable because it has not succeeded in taking action against all the other companies using the name 'Intel' in Malaysia and around the world.

(C) Balance of Convenience

[42] The plaintiff's learned counsel submits that the balance of convenience is in favour of granting the interlocutory injunction to the plaintiff, inter alia, on the following grounds:

(i) damages will not be an adequate remedy;

(ii) the defendants will not suffer irreparable damage which cannot be compensated for by costs for the reasons stated in the affidavit.

[43] The plaintiff's learned counsel cited the case of *American Cyanamid v Ethicon Ltd on* this point, where Lord Diplock said:

> The extent to which the disadvantages to each party would be incapable of being compensated in damages in the event of it succeeding at the trial is a significant factor in assessing where the balance of convenience lies;

[44] With net revenues for the financial year 2001 at US$26.5b, the plaintiff submits that it is ready and willing to fulfill any undertaking as to damages in the event that the court subsequently decides that damages herein ought not to have been granted.

[45] The defendant's learned counsel on the other hand says that the balance of convenience lies in not granting the injunction because to do so would virtually shut down the defendant's business whereas the plaintiff would not be affected since the presence of hundreds of companies with the word 'Intel' has not caused any damage to the plaintiff's business. Further, the defendant had been in business since 1997 and there had not been any damage to the plaintiff's business.

[46] The defendant raised the issue of Delay and Acquiescance on the part of the plaintiff in bringing this action. The defendant said that despite the fact that they had openly traded under the present name since 1997, the plaintiff only took action in 2002. Because of this delay, the defendant had already spent a lot of money in expanding its business, recruiting and training staff and promoting its products. All these will go to waste if injunction were to be granted.

[47] Learned counsel for the defendant cited the case of *Leo Pharmaceutical Product Ltd A/S (Lovens Kemiske Fabrik Production Saktieselskab) v Kotra Pharma (M) Sdn Bhd* [2002] MLJ 154; [2002] 6 CLJ 465 where:

> ... the plaintiff had not taken any action for 25 months from the time they knew of the existence of the contentious products. This considerable delay reflected their uncertainty of the defendant's alleged infringement. Thus, their application was

dismissed as the relief sought is equitable in nature and it is trite law that delay defeats equity.

[48] After hearing submissions from both sides, I granted the interim injunction, but only against the first defendant. My reasons for this decision are as follows:

(A) SERIOUS ISSUES TO BE TRIED

[49] Firstly, on the issue of passing off, the plaintiff, in laying out its history in information technology, starting from its pioneering technology in the manufacture of microprocessors that forms the lifeline of today's computers and its involvement in making possible this country's quantum leap towards industrialization, had no doubt established that it has goodwill and reputation in the name 'INTEL'.

[50] As for misrepresentation by the first defendant that they are associated with the plaintiff, I find as follows

[51] From the above submissions, it is abundantly clear that the defendant cannot say that the name Intel is not distinctive. I cannot come to any other conclusion than that the name 'Intel', in its 34 years of incorporation had become so synonymous with computers and information technology. It is inconceivable that anyone, even more so a company delving entirely on information technology, more precisely the manufacture of smart cards, can overlook that fact.

[52] The plaintiff manufactures microprocessors no doubt, and the defendant deals in smart cards. However, the plaintiff's microprocessor and Intel architecture powers these smart cards. The relationship is close. It is such that any likely customers in the trade might be forgiven to think that the defendant is in some way connected to the plaintiff, such as being its subsidiary, dealing in smart cards. The incorporation of the defendant with the prefix 'INTEL' creates such misrepresentation as to give rise to confusion not only because of use of the name 'INTEL' by defendant but also because of the close connection in the field of business and goods offered and sold by the plaintiff and the defendant. In *Dun & Bradstreet (Singapore) Pte Ltd & Anor v Dun & Bradstreet (Malays/a} Sdn Bhd*, the defendant was in general trading business whereas plaintiff was in the business of providing credit card information services. In granting interlocutory injunction, the court held that 'general trading' could well include the plaintiff's sphere of activity because from the name of the parties, any person dealing with them would have thought that the other party was the same company or a branch or extension of the other.

[53] A cause of action for passing off may lie even in a case where the Plaintiffs and Defendants are not competing in the same kind of trade. In *Lego System, A/S v Lego M Lemelstrich Ltd*, the plaintiffs are manufacturers and distributors of children toys sold and marketed under the trademark 'LEGO". The products are in the form of construction kits, the parts of which are made of moulded colour plastic materials. The defendants, an old

established Israel company, were manufacturers of gardening equipment including garden spray and sprinkler made of plastic and marketed under the same trademark 'LEGO' in some 40 countries but prior to 1979 had not been concerned with the UK market. Plaintiff filed a quia timet action against the defendants. On the issue of misrepresentation, Falconer J was satisfied that the plaintiff had established that there was a real risk that a substantial number of persons among the relevant section of the public would in fact believe that there was a business connection between the plaintiffs and defendants.

[54] From the defendant's submission, it can only be derived that it is based on a simplistic view that there are hundreds of other companies using the 'Intel' name without permission; why pick on the defendant? I cannot help but disagree with such a suggestion. Just as absurd is the defendant's suggestion that the plaintiff's action against the defendant is untenable because it has not succeeded in taking action against hundreds of companies with the 'Intel' prefix as mentioned by the defendant.

[55] The defendant's advertising in the Yellow Pages and trading openly cannot legitimize the defendant's actions. The real test is whether the defendant, in using the 'Intel' name, whilst knowing of the plaintiff's goodwill and reputation in the name, is seen as calculated to deceive and steal the business or commercial advantage of the plaintiff and to misrepresent a false connection and association with the plaintiff.

[56] From the plaintiff's submissions and affidavits, it can be deduced that the plaintiff admits that there are many companies all over the world using the 'Intel' name without the plaintiff's permission. The plaintiff had been taking these infringers to court. It is an ongoing process. However, whilst actions are pending against these infringers, new infringers emerge. The defendant is just one of them.

[57] The defendant's action, if left unabated, will cause damage to the plaintiff's reputation and business. In *Bulmer(HP) Ltd v J Bellinger SA* [1978] RPC 79, Buckley J at p 95 said:

> It is well settled that a plaintiff in a passing off action does not have to prove that he had suffered damage by loss of business or in any other way. A probability of damage is enough but the actual or probable damage must be damage to him in his trade or business that is to say damage in his goodwill in respect of that trade or business.

[58] If the goodwill of a man's business has been interfered with by passing off of goods or business, damages results therefrom. Likewise, the plaintiff in this case need not wait to show that damage has resulted. To do so, might encourage more infringers to commit acts just as flagrant, culminating in the plaintiff being shoved out of oblivion, as just another generic name for a computer component.

[59] I am satisfied that the issue of infringement and passing off had been successfully raised by the plaintiff. These are serious issues to be tried. The defendant's reasons as I have observed above, cannot refute this assertions.

(B) DAMAGES WILL NOT BE AN ADEQUATE REMEDY

[60] The serious and irreparable loss which the plaintiff might suffer if the injunction is not granted is already stated above. I am of the opinion that it matters not that the plaintiff is a giant in the Information Technology world and the defendant is a small company. The plaintiff had by its own toil and effort managed to secure its presence in this country and had contributed in no small way in this country's industrialisation process. The defendant's flagrant acts of cashing in on the goodwill that the plaintiff has built over the three decades will damage the plaintiff's reputation severely, such that damages will not be adequate remedy.

[61] However, if at the end of the day, things do not go the plaintiff's way, I do not have the slightest doubt, from the figures that the plaintiff had displayed, that the plaintiff will easily be able to compensate the defendant.

(C) BALANCE OF CONVENIENCE

[62] I am mindful of the advice given by Lord Diplock in *American Cyanamid v Ethicon Ltd,* where His Lordship had said:

> ... The court is not justified in embarking on anything resembling a trial of the action on conflicting affidavits in order to evaluate the strength of either party's case.

[63] Even though we are at an interlocutory stage where pleadings and evidence are incomplete, it may not be improper for the court to take into account in determining where the justice of the case lie, the relative strength of each party's case as revealed by the affidavit evidence on the hearing of the application. This could be done where it is apparent on the facts disclosed that there is no credible dispute of the strength of the plaintiff's case.

[64] I am nevertheless satisfied from the evidence adduced in the affidavits and arguments set forth by learned counsels on both sides in their submissions, that damages will not be an adequate remedy to the plaintiff.

[65] I am satisfied that the balance of convenience tilts in favour of the plaintiff in that the defendants will not suffer irreparable damage which cannot be compensated by costs. By its incorporation, knowing fully well that the plaintiff is the proprietor of the name 'INTEL', the first defendant had chosen to take the risk.

[66] I cannot agree with the defendant that it will be virtually shut down if injunction were to be granted. The injunction is to prevent the defendant from using the name 'IntelCard' as it is confusingly similar to the plaintiff's name 'INTEL' and is likely to give rise to confusion. It does not prevent the defendant from carrying on with its smart card business under any other name.

(D) Delay in Bringing this Action

[67] Injunction is an equitable remedy. Nevertheless, I am unable to agree with the defendant that the plaintiff had delayed in bringing this action. The defendant cannot assume that just because it was incorporated six years ago in 1997, the plaintiff should be aware of its presence. Just as it had raised in its submission, there are hundreds of infringers using the 'Intel' name. The plaintiff cannot be expected to be able to discover the defendant's presence and activities until its solicitor came across the defendant's domain name in the net in 2002.

[68] The plaintiff only took action in 2002 because it was trying to reach an amicable settlement with the defendant, but was not met with a favourable response.

[69] For the reasons hereinbefore stated, I grant the interim injunction with costs against first defendant upon the plaintiff's undertaking for damages.

Reported by Eugene Jayaraj